



Department of Justice

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JUSTICE DEPARTMENT APPROVES
PROPOSAL TO FORM PHYSICIAN NETWORK IN OKLAHOMA

WASHINGTON, D.C. -- Doctors in Oklahoma will be permitted to form a statewide physician network and to contract with a health maintenance organization under a proposal approved today by the Department of Justice's Antitrust Division.

The proposal would allow the Oklahoma Physicians Network to form a statewide network of physicians to offer managed care contracts to third-party payers, including PROklahoma, a health maintenance organization. The Oklahoma Physicians Network will contract with PROklahoma on a capitated basis. In the future, the Oklahoma Physicians Network may contract with other third-party payers on a capitated basis or on a discounted fee-for-service basis with a "risk pool."

The Department's position was stated in a business review letter from Assistant Attorney General Anne K. Bingaman, in charge of the Antitrust Division, to counsel for the Oklahoma Physicians Network and PROklahoma.

Roughly 90 percent of the Oklahoma Physicians Network's physician-members are in specialties in local markets in which the network does not have a substantial percentage of the physicians. The Department concluded that it is unlikely that the formation of the network will lead to competitive problems in

those markets or in the markets in which the other 10 percent of the network's physician-members practice. Bingaman said that the nonexclusive nature of the network, the need for coverage in rural markets and the overall structure of the Oklahoma Physician Network make it improbable that it will lead to the creation of market power or to other anticompetitive effects in these markets. She added, however, that the Department reserves the right to bring an enforcement action if the network proves to be anticompetitive in practice in these or other markets.

Under the Department's business review procedure, an organization may submit a proposed course of action to the Antitrust Division and receive a statement as to whether the Division will challenge the activity under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Legal Procedure Unit of the Antitrust Division, Suite 215 Liberty Place, 325 7th Street, N.W., Department of Justice, Washington, DC 20004. After a 30-day waiting period, the documents supporting the business review will be added to the file, unless confidentiality had been requested pursuant to Paragraph 10(c) of the Business Review Procedure.

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